

United States District Court
Central District of California

THE STANDARD FABRICS
INTERNATIONAL, INC., a California
corporation,

Plaintiff,

v.

DRESS BARN INC., a Connecticut
corporation; B&Y FASHION, INC., a
California corporation; and DOES 1-10,
inclusive,

Defendants.

Case № 2:15-cv-08437-ODW (PJW)

**ORDER GRANTING IN PART AND
DENYING IN PART PLAINTIFF'S
MOTION FOR SUMMARY
JUDGMENT [26] AND GRANTING
PLAINTIFF'S APPLICATION TO
FILE RECORDS UNDER SEAL [28]**

I. INTRODUCTION

Plaintiff The Standard Fabrics International Incorporated moves for partial summary judgment against Defendants Dress Barn Incorporated and B&Y Fashion Incorporated on the issue of infringement in this fabric-related copyright case. (ECF No. 26.) Having considered the parties' submissions and heard oral argument, the Court **GRANTS** Plaintiff's motion as to infringement and the Defendants' defenses for failure to state a claim, laches, waiver, unclean hands, estoppel, lack of

1 originality, invalidity of copyright registration, limitations on relief, fair use, statute of
 2 limitations, copyright misuse, and litigation and settlement privileged. The Court
 3 **DENIES** summary judgment as to Defendants’ “defenses” for failure to mitigate and
 4 innocent infringement, which relate to damages, an issue not addressed in the pending
 5 motion. The Court also **GRANTS** Plaintiff’s application to file its business records
 6 under seal. (ECF No. 28.)

7 **II. FACTUAL BACKGROUND**

8 Plaintiff is a California-based textile company that prides itself on original
 9 “trendy, fashion forward” fabric designs. (Zakaria Decl. ¶ 2, ECF No. 26.) Plaintiff
 10 either creates or acquires by contract the rights to each of the fabric designs that it
 11 offers. (*Id.*) At issue in this case is an “Aztec-style,” “tribal” fabric design that
 12 Plaintiff acquired via contract from designer-for-hire Young Ae Rhee. (*Id.* ¶ 3.) After
 13 acquiring the art from Ae Rhee, Plaintiff formatted and finalized the art for textile
 14 applications. (*Id.*)

15 Plaintiff then registered the design with the U.S. Copyright Office (Reg. No.
 16 VA 1-853-810). (*Id.* ¶ 4.) The effective date for the copyright registration is March
 17 18, 2013. (*Id.*) Plaintiff included the design in its Summer 2013 collection and has
 18 since sold 89,145 yards of fabric bearing the copyrighted design to a variety of
 19 customers “nationwide.”¹ (*Id.* ¶¶ 4, 6.)

20 At some point in 2015, Plaintiff discovered that Defendant Dress Barn was
 21 selling blouses on its website featuring a substantially similar fabric design and
 22 purchased two blouses as evidence of the sales. (*Id.* ¶ 5.) Defendant Dress Barn
 23 acquired these finished garments from Defendant B&Y Fashion, a wholesale garment
 24 company. (Burroughs Decl. Ex. 6, ECF No. 29.) Defendant B&Y Fashion acquired
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 27 ¹ Defendants argue that this fact is disputed to the extent that it is derived from evidence lacking in
 28 foundation. (Response to Plaintiff’s SUF ¶ 17, ECF No. 30.) However, the statement that Plaintiff’s
 sold 89,145 yards of fabric *has* foundation: it is supported by Plaintiff’s business records.
 (Burroughs Decl. Ex. 7 at 12, ECF No. 29.)

1 these finished garments from Vietnamese producer, Trinh Vuong Company Limited
2 (“Trinh”). (*Id.*, Ex. 5)

3 After discovering the blouses on Defendant Dress Barn’s website, Plaintiff
4 determined that it had not supplied the fabric comprising the garments. (*Id.* ¶ 5.) On
5 June 26, 2015, Plaintiff sent a cease and desist letter to Defendant B&Y Fashion.
6 (Burroughs Decl. Ex. 3, ECF No. 26.) On October 28, 2015, Plaintiff filed the instant
7 lawsuit for copyright infringement. (ECF No. 1.)

8 The pending motion for partial summary judgment was filed on October 17,
9 2016. (ECF No. 26.) Defendants filed their opposition on October 24, 2016. (ECF
10 No. 30.) Plaintiff filed its reply on October 31, 2016.² (ECF No. 32.) Hours after
11 Defendants submitted their opposition, Plaintiff sent additional document production
12 to Defendants via email. (*See* Reply, Ex. 10 at 67–241.) Included in this production
13 were sales records for the relevant fabric design. (*Id.*) One of the records indicates
14 that Plaintiff sold a quantity of the relevant fabric to an entity named Byer California.
15 (*Id.* at 199.) This fabric was shipped to Byer’s manufacturer, Apple Fashion, in Ho
16 Chi Minh City, Vietnam, the same city where Trinh is located. (*Id.*) Because these
17 documents were only provided to Defendants after they submitted their opposition, the
18 Court allowed Defendants an additional forty-five days of discovery to ascertain
19 whether there was any link between manufacturer, Apple Fashions, and Trinh. (ECF
20 No. 36.)

21 Defendants deposed Plaintiff’s person most knowledgeable, its president, Jacob
22 Zakaria, on January 4, 2017 (the final day of the supplemental discovery period), but
23 otherwise did not take additional measures to uncover a link between Apple and
24 Trinh. (Cabanday Decl., Ex. A, ECF No. 40.) Defendants submitted a report
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27 ² The Court has not considered the evidence attached to Plaintiff’s reply with the exception of the
28 business records that formed the basis of Defendants’ request for additional discovery. (*See* Reply,
Ex. 10 at 67–241); *Provenz v. Miller*, 102 F.3d 1478, 1483 (9th Cir. 1996) (finding that as a general
matter, evidence submitted with a reply should not be considered).

1 outlining their additional discovery on January 11, 2017. (ECF No. 39.) Plaintiffs
2 filed a responsive brief on January 18, 2017. (ECF No. 42.)

3 III. LEGAL STANDARD

4 A motion for summary judgment shall be granted “if the pleadings, the
5 discovery and disclosure materials on file, and any affidavits show that there is no
6 genuine issue as to any material fact and that the movant is entitled to judgment as a
7 matter of law.” Fed.R.Civ.P. 56(c). There is a genuine issue of material fact when the
8 evidence is such that a reasonable jury could find for the nonmoving party. *See*
9 *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248–49 (1986).

10 The moving party bears the initial burden of pointing out that there is an
11 absence of evidence to support the nonmoving party’s case. *Celotex Corp. v. Catrett*,
12 477 U.S. 317, 323 (1986). “However, if the nonmoving party bears the burden of
13 proof on an issue at trial, the moving party need not produce affirmative evidence of
14 an absence of fact to satisfy its burden.” *St. Paul Fire & Marine Ins. Co. v. Fort*
15 *Vancouver Plywood Co. (In re Brazier Forest Prods., Inc.)*, 921 F.2d 221, 223 (9th
16 Cir. 1990) (citation omitted). Instead, the moving party “may simply point to the
17 absence of evidence to support the nonmoving party’s case.” *Id.*; *see also Fairbank v.*
18 *Wunderman Cato Johnson*, 212 F.3d 528, 532 (9th Cir. 2000) (holding that a moving
19 party that does not carry the burden of proof at trial can make the initial *Celotex*
20 showing by “pointing out through argument—the absence of evidence to support [the
21 nonmoving party’s] claim.”).

22 After the moving party meets its initial burden of showing that there is an
23 absence of evidence to support the nonmoving party’s case, “the nonmoving party
24 must then make a sufficient showing to establish the existence of all elements
25 essential to their case on which they will bear the burden of proof at trial.” *St. Paul*
26 *Fire*, 921 F.2d at 223. The nonmoving party “may not rest upon the mere allegations
27 or denials of the adverse party’s pleading, but must provide affidavits or other sources
28 of evidence that set forth specific facts showing that there is a genuine issue for trial.”

1 *Devereaux v. Abbey*, 263 F.3d 1070, 1076 (9th Cir. 2001). Evidence and the
 2 inferences therefrom will be viewed in the light most favorable to the non-moving
 3 party. *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587
 4 (1986); *Valandingham v. Bojorquez*, 866 F.2d 1135, 1137 (9th Cir. 1989).

5 **IV. DISCUSSION**

6 **A. COPYRIGHT INFRINGEMENT**

7 To establish copyright infringement, a plaintiff must prove: (1) ownership of a
 8 valid copyright; and (2) infringement. *See Acmet, Inc. v. Wet Seal, Inc.*, No.
 9 CV1400048TJHAJWX, 2015 WL 10939901, at *1 (C.D. Cal. May 12, 2015) (citing
 10 *L.A. Printex Indus., Inc. v. Aeropostale, Inc.*, 676 F.3d 841, 846 (9th Cir. 2012)).

11 **1. Ownership**

12 Plaintiff first moves for summary judgment on the issue of ownership. (Mot.
 13 4.) Valid registration with the copyright office shall serve as prima facie evidence of
 14 ownership. 17 U.S.C. § 410(c). Procedurally, this means that when a party
 15 establishes valid registration it is presumed to own the copyright. *L.A. Printex Indus.,*
 16 *Inc. v. Aeropostale, Inc.*, 466 F. App'x 590, 591 (9th Cir. 2012). The presumption
 17 may be rebutted with evidence of fraud on the copyright office or evidence that the
 18 work does not possess the requisite level of originality. *See United Fabrics Int'l, Inc.*
 19 *v. C&J Wear, Inc.*, 630 F.3d 1255, 1259 (9th Cir. 2011); *see also Express, LLC v.*
 20 *Fetish Grp., Inc.*, 424 F. Supp. 2d 1211, 1217 (C.D. Cal. 2006). In the absence of
 21 evidence to rebut the presumption, a plaintiff has established ownership. *ITC Textile,*
 22 *Ltd. v. Wal-Mart Stores, Inc.*, 606 F. App'x 356, 357 (9th Cir. 2015).

23 Plaintiff has submitted an uncontested registration certificate from the copyright
 24 office for the work in question. (Zakaria Decl. Ex. 1.) Based on this evidence,
 25 Defendants concede ownership. (Opp'n 5.) Therefore, Plaintiff is entitled to
 26 summary judgment on the issue of ownership.

2. Infringement

Infringement itself involves a two-part test: (1) whether the alleged infringer had access to the work and (2) whether the infringing work is substantially similar to the copyrighted work. *L.A. Printex*, 676 F.3d at 846.

a. Access

Proof of access requires an opportunity to view or copy the work. *Id.* This element may be satisfied using direct or circumstantial evidence such as a chain of events linking the plaintiff's work with the defendant's access or by showing widespread dissemination of the plaintiff's work. *See Star Fabrics, Inc. v. Target Corp.*, No. CV 10-07987 DDP AGRX, 2011 WL 4434221, at *2 (C.D. Cal. Sept. 22, 2011) (citing *Art Attacks Ink, LLC v. MGA Entm't Inc.*, 581 F.3d 1138, 1143 (9th Cir. 2009)). Alternatively, access may be established by showing a "striking similarity," in essence that the protected work and the infringing work are so similar that copying can be the only reasonable explanation for the similarity. *Acmet*, 2015 WL 10939901, at *2 (citing *Three Boys Music Corp. v. Bolton*, 212 F.3d 477, 485 (9th Cir. 2000)).

Here, access is established by striking similarity. The fabric incorporated into Defendants' garments is so similar to Plaintiff's copyrighted work that it could not possibly have been the product of independent creation. The design at issue is highly original in that it is a random collection of shapes and patterns without any attempt to imitate real life images such as flowers or animals. As the work is not based on recognizable objects but rather on an arbitrary, abstract design, the level of similarity is both surprising and telling.

Going from top to bottom, Plaintiff's work features five half-moon shaped objects bisected by three lines. Below this motif is a jagged line with five inset dots. Under this jagged line is a tree-like structure with an inset fourteen-sided geometric shape in its canopy. Below the canopy of the tree-like structure are two eye-like structures each with a black inset geometric design. Underneath the base of the tree-like structure is an upside-down pyramid. Below this pyramid are two squares.

1 Beneath these squares are three broken lines. Flanking either side of the tree-like
 2 structure's canopy is a single diamond surrounded by smaller dots. Flanking the
 3 middle section of the tree-like structure are three diamonds extending horizontally.
 4 Below these diamonds are two long wavering lines that span the remainder of the
 5 design. Inside of these lines, below the tree-like structure's base, on either side of the
 6 pyramid-like structure, is a geometric symbol followed by three descending diamonds.



Defendants'

Plaintiff's

17 The fabric design incorporated into Defendants' garments has *all* the structural
 18 elements of Plaintiff's protected design. The only discernable differences between the
 19 allegedly infringing design and the protected design are that the jagged line in the
 20 allegedly infringing design appears to be slightly more textured and worn, and the
 21 wavering lines in the allegedly infringing design appear to be slightly less defined.
 22 These details are insignificant in light of the complexity of the design and are only
 23 perceptible with significant scrutiny. *See L.A. Printex*, 676 F.3d at 852 (“[A]
 24 copyright defendant need not copy a plaintiff's work in its entirety to infringe that
 25 work. It is enough that the defendant appropriated a substantial portion of the
 26 plaintiff's work.”)

27 The spacing between the structural elements and the distressed nature of the
 28 print in both the protected design and the allegedly infringing design are also similar,

1 giving the works the same overall concept and feel. In sum, the protected design and
2 the allegedly infringing design are so similar that copying can be the only logical
3 explanation. Accordingly, Plaintiffs are entitled to summary judgment on the issue of
4 access.

5 **b. Substantial Similarity**

6 To establish substantial similarity, the Court must apply both the extrinsic and
7 intrinsic tests. The extrinsic test is an objective comparison of specific expressive
8 elements; it focuses on the articulable similarities between the two works. *Id.* The
9 intrinsic test is a subjective comparison that focuses on whether a reasonable person
10 would find the works substantially similar in total concept and feel. *Id.*

11 Summary judgment on the issue of substantial similarity has traditionally been
12 disfavored. *Spectravest, Inc. v. Mervyn's Inc.*, 673 F. Supp. 1486, 1492 (N.D. Cal.
13 1987). That being said, in instances where the “works are so overwhelmingly
14 identical” that “no ordinary observer or reasonable juror could fail to conclude that the
15 works are substantially similar” a court may nonetheless grant summary judgment.
16 *Star Fabrics*, 2011 WL 4434221, at *3; *Twentieth Century-Fox Film Corp. v. MCA,*
17 *Inc.*, 715 F.2d 1327, 1330 (9th Cir. 1983).

18 The extrinsic test involves analyzing the individual elements of a design for
19 substantial similarity. *L.A. Printex*, 676 F.3d at 848. As described above in the
20 striking similarity analysis, the structural elements of the fabric incorporated in
21 Defendants’ garments and the structural elements of the protected design are
22 effectively the same. Further, Defendants have failed to identify in their opposition or
23 present any evidence of specific elements that meaningfully differentiate the fabric
24 design incorporated into their garments from Plaintiff’s protected design.

25 The intrinsic test examines the designs in their totality through the eyes of a
26 “reasonable” person. *Id.* at 852. As described above in the striking similarity
27 analysis, the total concept and feel of the designs is the same. The positioning and
28 layout of the individual elements of the design, the spacing between those elements,

1 the distressed nature of the print, and the Aztec-centric theme are “overwhelmingly
 2 identical.” *See Twentieth Century–Fox*, 715 F.2d at 1330. Therefore, the Court finds
 3 Plaintiff is entitled to summary judgment on the issue of substantial similarity.

4 **B. Defenses**

5 **1. FIRST SALE DEFENSE**

6 **a. Background**

7 Liability for copyright infringement is not limited to the direct copier; a buyer
 8 who in good faith (or bad faith) buys an infringing work and then resells that work
 9 remains liable for infringement. *See* 17 U.S.C. § 106(3) (copyright owner has the
 10 right to control initial distribution); 17 U.S.C. § 602 (unauthorized importation also
 11 constitutes infringement); 17 U.S.C. § 109(a) (no protection provided for the buyer of
 12 a copy unlawfully made); *United States v. Liu*, 731 F.3d 982, 988 (9th Cir. 2013) (“In
 13 a civil suit, liability for copyright infringement is strict.”); *see also* Shyamkrishna
 14 Balganes, *Copyright and Good Faith Purchasers*, 104 Cal. L. Rev. 269, 288–289
 15 (2016). However, the first sale doctrine provides an exception to this downstream
 16 liability.

17 The first sale doctrine is an affirmative defense that allows the owner of “a
 18 particular copy” of a protected work that was “lawfully made,” to sell or distribute the
 19 copy without permission of the copyright holder. *Adobe Sys. Inc. v. Christenson*, 809
 20 F.3d 1071, 1076 (9th Cir. 2015). The first sale doctrine is not applicable where the
 21 original “purchaser” of the work merely obtains a license over the copyrighted work
 22 rather than full ownership of the copyrighted work. *Id.* at 1078.

23 The burden is traditionally on the party asserting the defense to produce
 24 evidence sufficient to sustain that defense at trial. *Id.* The Ninth Circuit has found
 25 that the first sale doctrine is a defense like any other and therefore the burden should
 26 be on the infringing party to establish the defense at trial. *Id.* at 1079.

1 **b. Application**

2 Here, Defendants claim that it is likely Trinh obtained the fabric legally from
3 Plaintiff, and thus as downstream buyers of finished garments incorporating that
4 fabric, they are protected by the first sale defense. (Opp’n 7.) As the burden is on the
5 non-movant in this instance to establish the defense at trial, the first question is
6 whether Plaintiff has pointed out “to the district court—that there is an absence of
7 evidence to support the nonmoving party’s case.” *Novelty Textile Inc. v. Wet Seal*
8 *Inc.*, No. CV1305527SJOMRWX, 2014 WL 10987396, at *2 (C.D. Cal. Sept. 9,
9 2014) (citing *Celotex*, 477 U.S. at 325.)

10 Plaintiff has clearly and definitively met its initial burden. Plaintiff has broadly
11 indicated in its motion for summary judgment that Defendants’ defenses, including
12 the first sale defense, are “frivolous” and “conclusively fail.” (Mot. 14–15.)
13 Addressing the first sale defense specifically, Plaintiff asserts in its motion that the
14 evidence “reflects that Standard never abandoned its rights nor did it provide
15 Defendants consent, implied license, or authorization to use the Subject design *in any*
16 *way.*” (Mot. 15.) (emphasis added). Plaintiff is even clearer in its reply “[t]here is no
17 evidence in the record to support the affirmative defense of first-sale doctrine.”
18 (Reply 4.) Plaintiff reiterates several more times throughout the reply that
19 “Defendants do not, and cannot, offer any evidence to support any of the requisite
20 elements to prove a first sale defense.” (*Id.*) This identification of an absence of facts
21 to support a lawful first sale is sufficient to shift the burden to Defendants to provide
22 extrinsic evidence of a lawful first sale. *See Novelty Textile Inc.*, 2014 WL 10987396,
23 at *2 (citing *Celotex*, 477 U.S. at 325); *Adobe*, 809 F.3d at 1079.

24 Defendants have not met their burden to show a genuine dispute of fact as to the
25 fabric’s lawful acquisition. Defendants appear to make two distinct arguments (1) that
26 Trinh itself acquired the fabric from Plaintiff and/or (2) that Trinh acquired the fabric
27 legally from one of Plaintiff’s customers. (*See generally* Opp’n 7; Discovery Report
28 2–3, ECF No. 39.)

1 The Court turns first to the question of whether there is any evidence that
 2 Plaintiff sold the relevant fabric directly to Trinh. Plaintiff's records do not show any
 3 fabric sales to Trinh and Plaintiff's president, Jacob Zakaria, testified that Plaintiff
 4 never sold any of the relevant fabric to Trinh. (Reply, Ex. 10, 67–241; Zacaria Dep.
 5 29:3–29:9, ECF No. 40.) Defendant has not produced any evidence to suggest
 6 otherwise. Therefore, that avenue is definitively foreclosed.

7 The Court next turns to the question of whether another legitimate purchaser of
 8 the relevant fabric could have sold the fabric to Trinh. After thoroughly reviewing the
 9 record, the only apparent link between any legitimate purchaser and Trinh is that Byer
 10 California's manufacturer, Apple Fashion, and Trinh both happen to be located in Ho
 11 Chi Minh City, Vietnam. (Burroughs Decl., Ex. 5 at 1, ECF No. 29; Reply, Ex. 10 at
 12 199.) This connection, by itself, is insufficient to raise a genuine issue of fact.

13 Defendants argue in their January 11, 2017 discovery report that they would
 14 have uncovered a link between legitimate purchasers of the relevant fabric and Trinh
 15 if Zakaria had been properly prepared for his person most knowledgeable deposition.
 16 (Discovery Report 1–2.) Specifically, Defendants argue that Zakaria should have
 17 independently investigated “whether Apple and Trinh were related” and investigated
 18 generally whether “[Plaintiff's] customers sold fabric to B&Y.” (*Id.* at 1.)

19 The Court does not find such preparatory measures are required by Rule
 20 30(b)(6). Under this subsection, the deponent in a person most knowledgeable
 21 deposition need only be prepared to testify about information known or *reasonably*
 22 known to *the corporation*. Fed. R. Civ. P. 30(b)(6). Courts have generally interpreted
 23 this to mean that the deponent must review the corporation's records and any previous
 24 deposition materials. *Great Am. Ins. Co. of N.Y. v. Vegas Const. Co.*, 251 F.R.D. 534,
 25 539 (D. Nev. 2008); *Bd. of Trustees of Leland Stanford Junior Univ. v. Tyco Int'l Ltd.*,
 26 253 F.R.D. 524, 526 (C.D. Cal. 2008); *Calzaturificio S.C.A.R.P.A. s.p.a. v. Fabiano*
 27 *Shoe Co.*, 201 F.R.D. 33, 37 (D. Mass. 2001). In other words, the deponent, with the
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1 corporation's assistance, must conduct a robust *internal* investigation of the topics
2 contained in the deposition notice to prepare for the deposition.

3 However, the Court is unaware of any case requiring the deponent to conduct
4 an *external* investigation into the activities of unrelated³ third parties in preparation for
5 a person most knowledgeable deposition. Such information cannot be considered
6 "reasonably known" to the corporation. Fed. R. Civ. P. 30(b)(6).

7 It is valuable to step back and objectively consider exactly what Defendants'
8 proposed investigations would require of Plaintiff. Defendants suggest that Plaintiff
9 should have conducted an investigation into the relationship between one of its
10 customer's manufacturers (Apple Fashion), and a Vietnamese company with which it
11 appears to have no prior dealings (Trinh). (Discovery Report 1–2.) Defendants next
12 suggest that Plaintiff should have conducted an investigation into each of the
13 approximately one hundred legitimate purchasers of the relevant fabric to determine
14 whether they "sold fabric to B&Y." (*Id.*; *see also* Burroughs Decl. Ex. 7, ECF No.
15 29; Reply, Ex. 10 at 67–241.) These proposed investigations extend well beyond
16 what Rule 30(b)(6) requires and impermissibly shift Defendants' discovery
17 responsibilities to Plaintiff.

18 In summary, Defendants have not met their burden to show lawful acquisition.
19 The Court allowed Defendants forty-five days of supplemental discovery to explore a
20 relationship between Apple Fashion and Trinh. (ECF No. 36.) Despite the fact that
21 Defendants have Apple Fashion's contact information and maintain a business
22 relationship with Trinh, there is no evidence they so much as contacted either entity.
23 (Reply, Ex. 10 at 199.) Further, Defendants' person most knowledgeable deposition
24 did not yield any new information of relevance. Based on these facts, the Court sees
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27 ³ The only instance in which some courts have required a deponent to have knowledge of a third
28 party's activities is where the third party is a parent or subsidiary the deponent's corporation. *See*,
e.g., *Murphy v. Kmart Corp.*, 255 F.R.D. 497, 509 (D.S.D. 2009). In this instance, Plaintiff's
customers, Apple Fashion, and Trinh are not parents or subsidiaries of Plaintiff.

1 no reason to allow for an additional supplemental discovery period.⁴ Plaintiff is
2 entitled to summary judgment on the first sale defense.

3 **2. OTHER AFFIRMATIVE DEFENSES**

4 Defendants have also failed to produce any evidence in support of their
5 defenses for failure to state a claim, laches, waiver, unclean hands, estoppel, lack of
6 originality, invalidity of copyright registration, limitations on relief, fair use, statute of
7 limitations, copyright misuse, and litigation and settlement privileged.⁵ (Answer
8 ¶¶ 36–48, ECF No. 11.) These defenses are completely unsupported by the evidence
9 of record. The Court finds Plaintiff is entitled to summary judgment on those
10 defenses. The Court will not however, grant Plaintiff summary judgment on the
11 “defenses” of failure to mitigate and innocent infringement as these “defenses” relate
12 to damages, an issue not addressed in the pending motion.

13 Lastly, Defendants appear to argue for a license defense in their opposition.
14 (Opp’n 2–4.) However, Defendants did not raise this defense in their answer.
15 (Answer ¶¶ 36–48.) Therefore, they may not raise it now in their opposition. *See*
16 Fed. R. Civ. P. 8(c) (indicating that the affirmative defense of license must be raised
17 in an answer); *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227
18 F.3d 1110, 1114 (9th Cir. 2000) (finding that a license defense must be plead in
19 answer). Further, as Plaintiffs point out, there is no evidence to suggest that Trinh,
20 Defendant B&Y Fashion, or Defendant Dress Barn possessed a license. (Reply 9–10.)

21 **V. CONCLUSION**

22 In light of the foregoing, the Court **GRANTS** Plaintiff’s motion as to
23 infringement and the Defendants’ defenses for failure to state a claim, laches, waiver,
24 unclean hands, estoppel, lack of originality, invalidity of copyright registration,

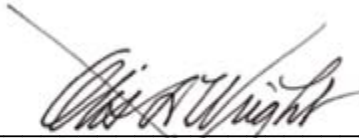
25 ⁴ Less discussed by the parties, but no less important to the first sale defense analysis, is Zakaria’s
26 testimony that Defendant Dress Barn sold a “colorway” or color combination of the relevant fabric
27 that Plaintiff never manufactured. (Zakaria Dep. 18:7–18:12.) This fact, which Defendants have not
28 made any attempt to explain, would seemingly make it impossible that legitimate fabric sold by
Plaintiff was used to manufacture Defendants’ garments.

⁵ Defendants do not even discuss these affirmative defenses in their opposition.

1 limitations on relief, fair use, statute of limitations, copyright misuse, and litigation
2 and settlement privileged. The Court **DENIES** summary judgment as to Defendants'
3 "defenses" for failure to mitigate and innocent infringement, which relate to damages,
4 an issue not addressed in the pending motion. The Court also **GRANTS** Plaintiff's
5 application to file its business records under seal. (ECF No. 28.)

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7 **IT IS SO ORDERED.**

8 January 19, 2017

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11 **OTIS D. WRIGHT, II**
12 **UNITED STATES DISTRICT JUDGE**
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